

A CLIO RESOURCE

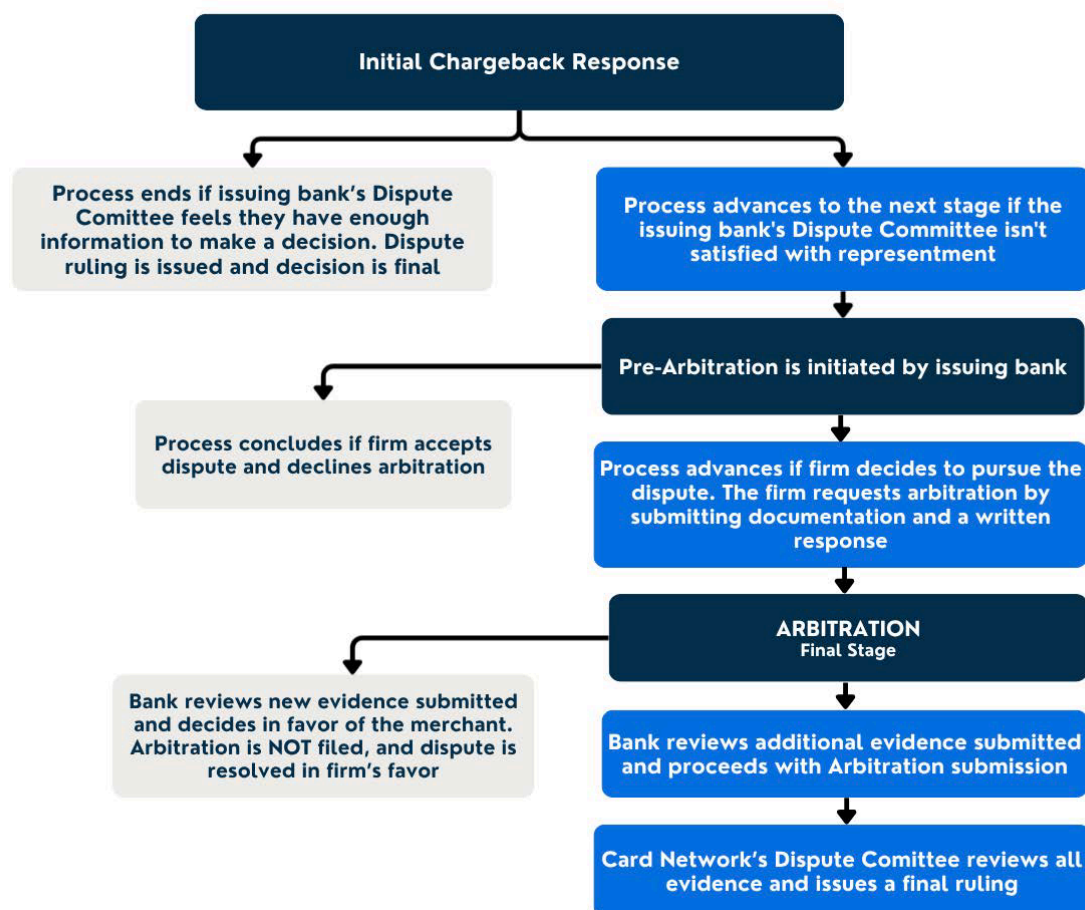
Clio's **Arbitration** Guide



What is Pre-Arbitration / Arbitration?

When a dispute remains unresolved after the initial chargeback ruling, the issuing bank may escalate it to pre-arbitration. Not all chargebacks reach this stage. Whether one does depends entirely on the issuing bank, not Clio. Pre-arbitration typically occurs when a cardholder continues to dispute a transaction and the issuing bank rejects the evidence provided during the initial representation phase.

If a chargeback is escalated to pre-arbitration, you have two options: **accept the dispute** and allow the funds to be returned to the cardholder (by not responding with documents before the deadline), or **challenge the decision** by submitting additional supporting documents. The issuing bank will then review the new evidence provided and decide whether to escalate to arbitration. In some cases, strong documentation may lead the bank to rule in your favor, particularly if they believe the risk of losing at arbitration (and incurring the associated fees) outweighs continuing the dispute. If the bank believes they have a strong enough case, they will proceed to arbitration. At that stage, the card network (Visa/Mastercard) Dispute Committee reviews all the evidence and issues a final ruling.



How will my firm be notified if one of our chargebacks goes to pre-arbitration?

The Primary Subscriber will receive an email with the pre-arbitration notice. You can either accept the chargeback as it stands, or you can choose to move forward to the arbitration process.

If arbitration is filed, the party determined to be the losing party shall bear responsibility for a mandatory filing and review fee, with a **minimum amount of \$600.00** payable to the relevant card network, in addition to the disputed amount of the chargeback.

Why did the bank decide that this chargeback is eligible for pre-arbitration?

Upon notification from the Chargeback Team, you may need to reach out to chargebacks@clio.com to receive the reasoning from the bank. We will either provide you with a PDF from the issuing bank, or a written statement from the issuing bank outlining the rationale for pre-arbitration. If you choose to proceed with submitting evidence again, review the statement carefully when preparing your rebuttal to address all points raised.

How do I respond to the dispute if I wish to proceed with arbitration?

In order to create an effective arbitration response, the following elements are the most important to include:

1. A written statement that refutes the bank's comments in the claim form.
 - a. The more **context** that you are able to provide to the dispute committee detailing what occurred with the cardholder, the better. Assume that the third party dispute committee is **unfamiliar with legal services and how a law firm bills for their services**.



- b. Emphasize the evidence that supports your position. Reference both the original chargeback documents and any new supporting documentation that strengthens your case. Clearly articulate how these documents substantiate your argument and invalidate the Dispute Committee's claims.
- 2. Additional documents that further support your case.
 - a. You may submit up to **4.5 MB** of additional evidence. Each document submitted must be **less than 50 pages**.
 - b. The evidence submitted originally will be passed on to the third party Dispute Committee with your arbitration response. **You do not need to submit these documents again.**
 - c. When choosing which extra documents to submit, carefully consider the Dispute Committee's claims on the dispute form.
 - d. Clio's Chargebacks Specialists can assist you by giving you recommendations on what documents to submit. For assistance, you can reply to the arbitration notice that you received, or reach out to chargebacks@clio.com.

Once you have your arbitration response prepared, please send it via email to the chargebacks team at chargebacks@clio.com. The chargebacks team will submit the evidence on your behalf and provide confirmation upon doing so.

How long will it take to get results?

Unfortunately we are unable to provide an exact timeline as to when a ruling will be reached. Generally, you can expect the results within 3 months; however, this may fluctuate with the Dispute Committee's internal volume. The Primary Subscriber and anyone with Administrator permissions will be notified via email with the ruling.

What can I do if I lose the dispute in arbitration?

The card network Dispute Committee's ruling is final. If the case is lost, you can consider taking the client to small claims court, send them to a third party collections agency, or try to resolve the situation with the client directly.



When are the arbitration fees debited from my account if the case is lost?

If a case is lost in arbitration, you will be charged a minimum of \$600 from the card network. The card networks will assess the fees, and then pass those onto Clio about 1–3 months after the dispute ruling is issued. Clio will then debit your Primary Operating account for the fees. In addition, you may be charged technical violation fees by the card network. Technical violation fees may occur if:

- Documents are illegible or unclear.
- Evidence is not translated into English when required for international cases.
- Documents exceed size limits (4.5 MB total for arbitration evidence).
- Documents are submitted in an incorrect file format.
- The evidence submitted lacks the required supporting documentation.
- You do not directly address the specific dispute reason code.
- You are missing required elements such as signatures, dates, or reference numbers.
- Your evidence contains incomplete or incorrect transaction information.
- Repeated submission of identical evidence, such as providing the same documentation during arbitration that was previously submitted during the initial chargeback stage.

NOTE: Technical violation fees might still be charged even if the merchant had won the case on merit but failed a technical requirement.

